

**REPORT OF THE AUDIT OF THE
BALLARD COUNTY
SHERIFF'S SETTLEMENT - 2006 TAXES**

For the Period April 22, 2006 through April 20, 2007

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
BALLARD COUNTY
SHERIFF'S SETTLEMENT - 2006 TAXES

For the period April 22, 2006 through April 20, 2007

Romaine & Associates, PLLC has completed the audit of the Sheriff's Settlement - 2006 Taxes for Ballard County Sheriff for the period April 22, 2006 through April 20, 2007. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff collected taxes of \$3,704,677 for the districts for 2006 taxes, retaining commissions of \$146,441 to operate the Sheriff's office. The Sheriff distributed taxes of \$3,551,042 to the districts for 2006 Taxes. Taxes of \$5,454 are due to the districts from the Sheriff.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

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To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Vickie Viniard, Ballard County Judge/Executive
Honorable Todd Cooper, Ballard County Sheriff
Members of the Ballard County Fiscal Court

Independent Auditor's Report

We have audited the Ballard County Sheriff's Settlement - 2006 Taxes for the period April 22, 2006 through April 20, 2007. This tax settlement is the responsibility of the Ballard County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Ballard County Sheriff's taxes charged, credited, and paid for the period April 22, 2006 through April 20, 2007, in conformity with the modified cash basis of accounting.

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Vickie Viniard, Ballard County Judge/Executive

Honorable Todd Cooper, Ballard County Sheriff

Members of the Ballard County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2008 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

Krista Romaine, CPA
Romaine & Associates, PLLC

January 31, 2008

BALLARD COUNTY
TODD COOPER, SHERIFF
SHERIFF'S SETTLEMENT - 2006 TAXES

For the period April 22, 2006 through April 20, 2007

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 493,883	\$ 222,085	\$ 1,338,909	\$ 365,417
Tangible Personal Property	104,712	29,918	243,829	577,379
Fire Protection	672			
Increases Through Exonerations	42,241	12,072	98,368	400,808
Franchise Taxes	110,670	37,224	271,794	
Additional Billings	26	11	69	19
Bank Franchises	24,706			
Penalties	3,665	1,520	9,721	10,698
Adjusted to Sheriff's Receipt	3	5	1	1
Gross Chargeable to Sheriff	<u>\$ 780,578</u>	<u>\$ 302,835</u>	<u>\$ 1,962,691</u>	<u>\$ 1,354,322</u>
<u>Credits</u>				
Exonerations	\$ 58,402	\$ 17,138	\$ 137,161	\$ 403,053
Discounts	7,035	2,887	17,876	5,934
Delinquent Real Estate	9,220	4,017	24,991	6,820
Franchise Taxes:	330	102	783	
Total Credits	<u>\$ 74,987</u>	<u>\$ 24,144</u>	<u>\$ 180,811</u>	<u>\$ 415,807</u>
Taxes Collected	\$ 705,591	\$ 278,691	\$ 1,781,880	\$ 938,515
Less: Commissions *	30,275	11,844	64,148	40,174
Taxes Due	\$ 675,316	\$ 266,847	\$ 1,717,732	\$ 898,341
Taxes Paid	674,062	266,257	1,713,356	897,367
Refunds (Current and Prior Year)	347	139	911	343
Due Districts or		**		
(Refund(s) Due Sheriff)				
as of Completion of Fieldwork	<u>\$ 907</u>	<u>\$ 451</u>	<u>\$ 3,465</u>	<u>\$ 631</u>

*And ** See Next Page

The accompanying notes are an integral part of this financial statement.

BALLARD COUNTY
TODD COOPER, SHERIFF
SHERIFF'S SETTLEMENT - 2006 TAXES
For the period April 22, 2006 through April 20, 2007
(Continued)

* Commissions:

10% on	\$ 10,000
4.25% on	1,912,797
3.6% on	1,781,880

** Special Taxing Districts:

Health District	159
Extension District	171
Soil Conservation District	117
Clanton Creek District	4
Humphrey Creek District	0

Due District(s) or (Refund(s) Due Sheriff)	\$ 451
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BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT

April 20, 2007

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BALLARD COUNTY
NOTES TO FINANCIAL STATEMENT
April 20, 2007
(Continued)

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of April 20, 2007, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Tax Collection Period

The real and personal property tax assessments were levied as of January 1, 2006. Property taxes were billed to finance governmental services for the year ended June 30, 2007. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 29, 2006 through April 20, 2007.

Note 4. Interest Income

The Ballard County Sheriff earned \$1,330 as interest income on 2006 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

Note 5. Sheriff's 10% Add-On Fee

The Ballard County Sheriff collected \$23,258 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Ballard County Sheriff collected \$905 of advertising costs and \$745 of advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees will be used to operate the Sheriff's office.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Vickie Viniard, Ballard County Judge/Executive
Honorable Todd Cooper, Ballard County Sheriff
Members of the Ballard County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Ballard County Sheriff's Settlement - 2006 Taxes for the period April 22, 2006 through April 20, 2007, and have issued our report thereon dated January 31, 2008. The Sheriff prepares his financial statement in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ballard County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Ballard County Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Ballard County Sheriff's Settlement – 2006 Taxes for the period April 22, 2006 through April 20, 2007, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Ballard County Fiscal Court, and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

Krista Romaine, CPA

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Romaine & Associates, PLLC

January 31, 2008